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TAGS: PGOV PINR KDEM HO

SUBJECT: TFH01: ACTION REQUEST: MEETING WITH ZELAYA CABINET
MINISTERS

REF: TEGUCIGALPA 711

Classified By: Ambassador Hugo Llorens, reasons 1.4 (d)

¶1. (C) This message is an action request; please see
paragraph 7.

¶2. (C) The Ambassador convened an August 6 meeting with
President Zelaya's cabinet ministers who are residing in
Tegucigalpa. The Ministers of Health, Government, Commerce
and Industry, Labor, and Tourism were present, along with the
Vice Ministers of Foreign Affairs, Finance, Commerce and
Industry, Public Works and Communications, and the President
of the Central Bank.

¶3. (C) The Ambassador briefed the cabinet ministers on the
U.S. position, including the "no contact" policy, suspension
of military aid, the pause in economic assistance and MCC
funding, and the removal of the U.S. department of Treasury
Resident Advisors from the Honduran Ministry of Finance. He
said that the solution to the crisis must be a Central
American solution, and that the negotiated agreement
presented by President Arias is the best way to restore
democracy and reconcile the polarized factions within
Honduras.

¶4. (C) The ministers expressed their support for the San
Jose Accord. They also expressed appreciation for the U.S.
position, but asked for additional diplomatic and economic
measures that would help to pressure the de facto regime.
The ministers expressed their frustration with what they
viewed to be political prosecutions by the de facto regime
(see Reftel).

¶5. (C) Several of the attendees were also concerned about
the impact of the crisis on the work of their respective
ministries. The President of the Central Bank, Edwin Araque,
stated his view that the Honduran economy will not be
sustainable since commerce is down by an estimated 40
percent, investment has stagnated, and access to
international financing is blocked. He added that major
social and infrastructure projects (such as the construction
of a hydroelectric dam) are now in danger due to lack of
funding and subsidies. Minister of Health Carlos Aguilar
said that strides made under the Zelaya administration to
improve public health will be lost, noting that 70 percent of
the funding for maternal/infant health programs comes from
the international community. Minister of Tourism Ricardo
Martinez pointed out that tourism, the third largest revenue
source in Honduras, is down 50 percent in the Bay Islands and
80 percent in Copan. The ministers seemed to agree that a
resolution to the political crisis is essential for the
long-term economic and social welfare of Honduras.

¶ 6. (C) The ministers noted that they had been dispersed following the events of June 28, but over the last few days have begun to meet again. They felt it was important to demonstrate continuity as the representatives of the legitimate democratic government of President Zelaya. They agreed to stay in communication with the Ambassador and requested USG assistance in arranging a meeting with the OAS commission of foreign ministers.

¶ 7. (C) Action Request: Post requests that WHA and the U.S. Permanent Representative to the OAS assist in facilitating a meeting between the proposed OAS commission of foreign ministers and this group of Cabinet ministers during the upcoming visit to Honduras.

¶ 8. (C) Comment: The ministers were moderate and had a constructive, practical tone; Minister of Government Victor Meza, Minister of Industry and Commerce Fredis Cerrato, and Minister of Health Carlos Aguilar were particularly moderate. Vice Foreign Minister Beatriz Valle and Social Advisor Arcadia Gomez, who works directly with the protestors, were the most radical of the group. End Comment.
LLORENS